

5:31-7 Appendix A
LOCAL AUTHORITIES - ACCOUNTING AND AUDITING

AUDIT QUESTIONNAIRE FOR AUTHORITY AUDITS

EACH QUESTION MUST BE ANSWERED.

PLEASE CIRCLE YES OR NO.

IF ANY ARE NOT APPLICABLE, INSERT N/A AS YOUR ANSWER.

AUTHORITY_____

YEAR UNDER AUDIT_____

AUDITOR SIGNATURE_____

AUDITOR FIRM_____

AUDITOR ADDRESS_____

AUDITOR PHONE #_____

"NO" ANSWERS MUST BE EXPLAINED IN DETAIL. ATTACH ADDITIONAL SHEETS IF MORE SPACE IS REQUIRED. ANSWERS TO QUESTIONS WHICH INDICATE CORRECTIONS OR IMPROVEMENTS ARE REQUIRED MUST BE COVERED BY COMMENT AND RECOMMENDATION IN THE AUDIT REPORT. IF NOT COVERED, EXPLAIN IN DETAIL.

AUDIT QUESTIONNAIRE

AUTHORITY_____

General

1. Is a general ledger maintained by the authority?	YES	NO
2. Are key employees bonded in amounts required by organization policy?	YES	NO
3. Is insurance coverage in force for at least the following?		
Loss or damage to assets from fire and other hazards.	YES	NO
Public liability and property damage?	YES	NO
Robbery, burglary, theft and disappearance?	YES	NO
Worker's compensation?	YES	NO
4. Are loans to employees prohibited?	YES	NO
5. Has the Bureau of Authority Regulation been notified of deficiencies in the accounting system or records?	YES	NO
6. Has a corrective action plan been filed for the previous year audit report?	YES	NO

Cash and Investments

1. Has the authority adopted a cash management plan?	YES	NO
2. Are all depositories and accounts authorized by resolution of the governing body?	YES	NO
3. Are receipts deposited within 48 hours?	YES	NO
4. Are the duties of personnel who receive and deposit cash separate from investments cash disbursing, and bookkeeping?	YES	NO
5. Are cash receipts adequately safeguarded before deposit?	YES	NO
6. Is responsibility for the petty cash fund vested in only one person?	YES	NO
7. Are petty cash disbursements supported by signed receipts which are attached to reimbursement vouchers?	YES	NO
8. Are check signers designated by resolution?	YES	NO
9. If a mechanical check signer is used, is the signature plate under adequate control?	YES	NO
A. Are there procedures to control and record the check numbers and amounts of checks signed?	YES	NO
10. Is there adequate security over blank checks?	YES	NO
11. Are the duties of personnel who disburse cash separate from the function of approving vouchers?	YES	NO
12. Are bank statements reconciled monthly?	YES	NO
A. Is the sequence of check numbers accounted for?	YES	NO
B. Are check endorsements scrutinized?	YES	NO
13. Are outstanding checks older than 6 months investigated?	YES	NO
14. Are investments under the control of a responsible official who does not receive or disburse cash?	YES	NO
15. Are all investments issued in the name of the authority?	YES	NO
16. Are all investment transactions approved by the governing body?	YES	NO
17. Are all investments permitted by law or bond agreement?	YES	NO
18. Are perpetual records of investments reflecting all pertinent information maintained?	YES	NO
19. Is interest income verified?	YES	NO
A. Is it promptly recorded in the accounting records?	YES	NO
20. Are investments examined periodically and verified with the detail record and control account?	YES	NO
21. Are investments protected against loss or theft?	YES	NO

Accounts Receivable and Income

1. Are billings to users independently verified?	YES	NO
2. Is there segregation of duties between accounts receivable, record maintenance,	YES	NO

billing, and receipt of cash?		
3. Are total accounts receivable balances verified with the accounts receivable control periodically?	YES	NO
4. Are delinquent accounts receivable reviewed and collection procedures initiated by a responsible official?	YES	NO
5. Are accounts receivable records promptly posted?	YES	NO
A. Billings to users?	YES	NO
B. Cash receipts?	YES	NO
6. Are adjustments to accounts receivable approved by a responsible official?	YES	NO

Inventory

1. Are inventories of material and supplies under physical control of a designated employee who is not responsible for purchasing?	YES	NO
2. Is the storage area properly safeguarded to prevent damage to materials and unauthorized removal?	YES	NO
3. Do quantities appear reasonable for normal consumption?	YES	NO
4. Are physical inventories taken annually and supervised by non-storeroom personnel?	YES	NO
5. Are responsible officials advised of significant inventory discrepancies?	YES	NO

Accounts Payable and Purchasing

1. Are the following requirements of the Local Public Contracts Law (40A:11) being followed and documented		
A. Competitive bidding and contract award?	YES	NO
B. Informal quotations on purchases not requiring public bidding (40A:11-6.1)?	YES	NO
C. Certificate of availability of funds prior to award of contracts (Reg. 5:30-14.5)?	YES	NO
D. Resolutions adopted and advertised authorizing agreements for professional services (40A:11-5)?	YES	NO
E. Emergency purchases and contracts (40A:11-6)?	YES	NO
2. Are prenumbered purchase orders issued for all purchases, except petty cash purchases?	YES	NO
3. Is there a record of all purchase orders issued?	YES	NO
4. Are quantities and description of materials and supplies received:		
A. Compared to purchase orders?	YES	NO
B. Compared to vendors' invoices?	YES	NO
C. Verified with packing or delivery slips?	YES	NO
5. Are open purchase orders reviewed periodically?	YES	NO
6. Do vouchers approved for payment contain:		
A. Signature of person who verified quantities and description of materials received or services rendered?	YES	NO
B. Copies of purchase order, delivery slips, etc.?	YES	NO
7. Were all vouchers approved by the governing body?	YES	NO
8. Is there segregation of duties between the purchasing, receiving and cash disbursement functions?	YES	NO
9. Are total accounts payable balances verified with the accounts payable control periodically?	YES	NO

Payroll

1. Are payrolls approved by a responsible official outside the payroll department?	YES	NO
2. Are the functions of payroll preparation and distribution separated?	YES	NO
3. Are the personnel records maintained separately from payroll preparation and	YES	NO

distribution?		
4. Are names added to and deleted from payroll and rates of pay changed only upon written authorization?	YES	NO
5. Are new employees, employee promotions and rates of pay approved by the governing body?	YES	NO
6. Are all payroll deductions supported by signed authorizations on file?	YES	NO
7. Are payroll deductions promptly paid to the proper agencies?	YES	NO
8. Are records maintained to control and verify vacation time, sick leave, etc., taken and accumulated?	YES	NO
9. Are all employees paid by check?	YES	NO
10. Are payroll check endorsements scrutinized?	YES	NO
11. Are old outstanding payroll checks investigated by someone independent of the payroll preparation?	YES	NO
12. Is there a separate bank account for payroll disbursements?	YES	NO
A. Are deposits in exact amount of payroll?	YES	NO
B. Is the payroll bank balance reconciled monthly by someone independent of payroll preparation?	YES	NO
C. Are payroll procedures established by resolution of the governing body?	YES	NO

Property, Plant and Equipment

1. Are detailed fixed asset records maintained?	YES	NO
A. Are fixed assets properly identified with the fixed asset records?	YES	NO
B. Are additions and deletions properly authorized and promptly recorded?	YES	NO
2. Is the documentation substantiating the cost of fixed assets permanently filed?	YES	NO
3. Is there a written policy defining items to be capitalized and those to be expensed?	YES	NO
4. Does the capitalization of interest and other indirect costs conform to accounting principles?	YES	NO
5. Is a physical inventory of fixed assets taken periodically and verified to fixed assets records?	YES	NO
6. Are dispositions of fixed assets properly recorded and sales proceeds promptly accounted for in the accounting records?	YES	NO
7. Are fixed assets properly safeguarded against loss by fire, unauthorized use or theft?	YES	NO

Long and Short Term Debt

1. Is a detailed record such as a bond or note register maintained of debt issue and outstanding?	YES	NO
A. Are principal and interest due dates and amounts reflected and date of payment recorded?	YES	NO
2. Are debt issues properly authorized by the governing body?	YES	NO
3. Does the expenditure of borrowed funds conform to the purpose authorized?	YES	NO
4. Are paid bonds and notes properly cancelled and accounted for?	YES	NO
5. Are required sinking fund deposits promptly made?	YES	NO

Budget System

1. Were the adopted operating and capital budgets and amendments thereto approved by the Director of Local Government Services?	YES	NO
2. Were the adopted budgets and amendments recorded in the minutes?	YES	NO
3. Are there sufficient controls to monitor expenses and revenues against budgeted amounts?	YES	NO
4. Is a budget status report periodically furnished to the governing body?	YES	NO

5. Are appropriations encumbered when purchase orders are issued?	YES	NO
6. Are fixed assets acquired through budget appropriations properly capitalized?	YES	NO

Grant Management

1. Is a permanent file of each grant maintained?	YES	NO
2. Does the accounting system provide details of eligible expenditures to be reimbursed from each grant?	YES	NO
3. Is each expenditure reviewed for compliance with the terms of the applicable grant?	YES	NO
4. Does the authority have a grant manager?	YES	NO
5. Are all required reports promptly filed with the grantor agency?	YES	NO
6. Were grant reimbursement requests filed promptly?	YES	NO
7. Are assets acquired from grant funds properly identified?	YES	NO
8. If indirect costs are chargeable to grants, has the method of allocation been approved?	YES	NO

Electronic Data Processing

1. Does the authority utilize electronic data processing for accounting or financial functions? (If "no," disregard items 2 through 14).	YES	NO
2. If "yes," was the system approved by the Division of Local Government Services?	YES	NO
3. Are there sufficient audit trails to identify documents being processing and identify output?	YES	NO
4. Are there daily printouts of:		
A. Transactions?	YES	NO
B. Rejected transactions?	YES	NO
C. Error corrections?	YES	NO
5. Are the daily printouts reviewed and approved by supervisory personnel?	YES	NO
6. Are journal entries and error corrections authorized by supervisory personnel?	YES	NO
7. Are master files updated periodically and on schedule to prevent loss of data in transaction files?	YES	NO
8. Are there periodic printouts of updated files by E.D.P. transactions?	YES	NO
9. Are authorized users validated by user codes and passwords?	YES	NO
10. Are terminals located in a secure area, to prevent access by unauthorized personnel?	YES	NO
11. Are there backup operators to process transactions in the absence of the authorized operator?	YES	NO
12. Are there copies of all critical materials such as programs, master files, transaction files, etc.?	YES	NO
13. Are these copies stored in a safe location (offsite or in a fireproof vault onsite)?	YES	NO
14. Are mechanisms in place to guard against loss due to power failures, fire, flood, etc.?	YES	NO

THE FOREGOING QUESTIONNAIRE MUST BE SEPARATELY FILED WITH THE DIVISION OF LOCAL GOVERNMENT SERVICES FOR EACH REPORT OF AUDIT. IT IS NOT TO BE BOUND IN THE REPORT.